

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

February 21, 2018

MOTOR CARRIER MATTER

☐

DOCKET NO.

2017-228-S

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

[DOCKET NO. 2017-228-S](#) - Application of Palmetto Utilities, Incorporated for Adjustment of Rates and Charges for Customers in the Palmetto Utilities and Palmetto of Richland County Service Areas - Staff Presents for Commission Consideration Palmetto Utilities, Incorporated's Application for Adjustment of Rates and Charges for Customers in the Palmetto Utilities and Palmetto of Richland County Service Areas.

COMMISSION ACTION:

In Docket No. 2017-228-WS, Palmetto Utilities sought a rate increase in its original Application which would have resulted in a \$68.05 flat-rate monthly charge for sewer service. The Commission held its hearing on the merits in this docket on January 17, 2018. I have reviewed the evidence presented and the arguments of the parties. After adopting certain accounting adjustments to more accurately reflect the allowable expenses incurred by the company, I move that the Commission approve a flat-rate monthly charge for sewer service of approximately \$52.10. This would provide the company with additional revenue of \$4,515,286, resulting in a 15 percent operating margin, which is within the range recommended by the Office of Regulatory Staff.

I would note that the utility has made significant improvements to the system, which will benefit its entire customer base by increasing capacity and reducing or preventing adverse environmental effects. These improvements will have a positive impact on the service area and aid in accommodating projected growth in the area.

It is also important to note that this rate represents a substantially smaller rate increase than that initially requested by the utility. Service to the customers in the flat-rate portion of the company's service area costs \$36.50 per month under existing rates. The new rate requested by the company was \$68.05 per month – a net increase of \$31.55. That was what the company had requested. This proposed rate in this motion represents a net increase of \$15.60, less than half of what was initially requested.

I understand that some customers, because of their low water consumption, will experience somewhat higher charges for sewer service on a flat-rate basis than on the basis of the volume of water they use. However, there is an insufficient evidentiary record upon which to base a preference for volumetric rates over flat rates, particularly where, as here, the volume of water that a customer uses does not necessarily correlate directly with the volume of sewage that a customer causes to be treated and disposed, and where the sewer provider is not the water provider. Additionally, adopting flat rates for the entire service area of the company will result in certain cost savings which will ultimately benefit the customers. On balance, I am persuaded that adopting a flat rate of approximately \$52.10 is just and reasonable.

PRESIDING: Whitfield

SESSION: Regular

TIME: 2:00 p.m.

| | MOTION | YES | NO | OTHER |
|-----------|-------------------------------------|-------------------------------------|--------------------------|-------|
| BOCKMAN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| ELAM | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| FLEMING | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| HAMILTON | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| HOWARD | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| RANDALL | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| WHITFIELD | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

(SEAL)

RECORDED BY: J. Schmieding

